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**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 2, 2013

TO: Audit Committee

FROM: Wendy L. Watanabe *WLS*
Auditor-Controller

SUBJECT: **BOARD POLICY SUNSET REVIEW: INVESTIGATIONS OF POSSIBLE
CRIMINAL ACTIVITY WITHIN COUNTY GOVERNMENT (POLICY NO. 9.040)**

At the request of the Board of Supervisors (Board) Executive Office, and pursuant to Board Policy sunset requirements, the Auditor-Controller (A-C) has reviewed Board Policy No. 9.040 - Investigations of Possible Criminal Activity Within County Government. We believe that the Policy serves an important public purpose, and should be continued. The attachment includes our recommended updates and revisions.

The recommended updates will implement various ministerial changes, better align the Policy with the County's current fraud reporting and investigative processes, address the A-C's Fraud Hotline Database that was implemented after the last sunset review date, and codify the requirement for the A-C to prepare a semi-annual Fraud Hotline Status Report to the Board.

We have also recommended clarifying the Policy to ensure that all departments are aware of their obligation to cooperate with investigations of waste, fraud, and abuse within County government, and the Board's expectation of the A-C's authority to access official records necessary to complete our audits and investigations. These clarifications are necessary to help address some recent confusion by a few departments about the A-C's authority to audit/investigate.

The next sunset review date is extended to September 8, 2018. A copy of the previous policy is also attached.

Please contact me if you have any questions, or your staff may call Guy Zelenski at (213) 893-0058.

WLW:RGC:GZ:RHL:rhl

Attachments

c: Sachi A. Hamai, Executive Officer, Board of Supervisors



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
9.040	Investigations Of Possible Criminal Activity Within County Government	09/08/81

PURPOSE

Mandates that the proper authorities be notified of any suspected criminal activity, by a County employee or agency contracting with the County.

REFERENCE

California Government Code Section 53087.6

California Penal Code Section 830.13

Los Angeles County Code Section 2.10.010 – Bookkeeping and auditing of accounts – Control authority

September 8, 1981 Board Order, [Synopsis 89](#)

November 17, 1987 [Board Order 70](#) instructing the CAO, Sheriff, County Counsel and Auditor-Controller to develop a detailed guideline for handling suspected employee theft

October 4, 1991 Auditor-Controller “[Special Investigations Unit History](#)” Guidelines for Handling the Investigation and Reporting of Employee Misconduct (Promulgated in December 1987 and revised in December 1992)

September 1, 1998 Auditor-Controller “[Employee Fraud Hotline Investigations](#)” memo to each department and district head

POLICY

The Board of Supervisors has designated the Sheriff, District Attorney and Auditor-Controller as the only County agencies with the authority to conduct criminal investigations of misconduct within County government. These agencies have agreed that in all instances when it is suspected that a County employee or an agency contracting with the County has engaged in committed a criminal activity, the Auditor-Controller's Office of County Investigations (OCI) ~~Special Investigations Unit (SIU)~~ is to be notified immediately. ~~OCI~~ The ~~SIU~~ will contact the appropriate law enforcement agency if it is determined

necessary. ~~If applicable, the Auditor-Controller will report the investigation findings to the Board, the concerned department head and the Chief Administrative Officer.~~

~~Also, no department may is to~~ conduct any internal investigation without first notifying OCI ~~the Auditor-Controller's SIU~~. This ensures that only one department is investigating allegations of improprieties, and that all investigations are appropriately tracked. In order to provide Countywide oversight and accountability for investigations, the Auditor-Controller shall maintain a confidential Fraud Hotline Database of all allegations reported to OCI.

OCI may investigate, or refer out for investigation, allegations of misconduct reported to the Fraud Hotline. Departments shall report their investigative findings and conclusions to OCI within 90 days of receipt of a referral. Depending on the nature of the allegations and the outcome, the Auditor-Controller will report the results of his/her investigations to the Board of Supervisors, the appointing authority, and/or the Chief Executive Officer, as appropriate. In addition, the Auditor-Controller will provide a semi-annual report to the Board of Supervisors summarizing the results of all closed investigations.

County departments, special districts, commissions, and other entities under the control of the Board of Supervisors, and their officers and employees, shall cooperate fully with official investigations. Accordingly, the Auditor-Controller shall have access to and the authority to examine and reproduce, any and all books, accounts, reports, vouchers, correspondence files, and all other records, as well as the property, facilities, and premises of the County, its departments, special districts and commissions, as may be material and relevant to his/her audits and investigations. Any officer or employee of any agency or entity having control of such records or property shall permit the Auditor-Controller access to, and examination and reproduction thereof, upon request of the Auditor-Controller or his/her designee. The Auditor-Controller shall comply with all statutory requirements of confidentiality, and assert all applicable privileges, with regard to records obtained in the course of its audits and investigations.

Any request to withhold access to records, information, or facilities from the Auditor-Controller must be approved by the Board of Supervisors.

RESPONSIBLE DEPARTMENT

Auditor-Controller

DATE ISSUED/SUNSET DATE

Issue Date: September 8, 1981
Review Date: August 21, 2003
Review Date: September 8, 2013

Sunset Date: September 8, 2003
Sunset Date: September 8, 2013
Sunset Date: September 8, 2018